

**UNITED STATES BANKRUPTCY COURT  
DISTRICT OF SOUTH CAROLINA**

IN RE:

C/A No. 24-02116-EG

Sparc Foundry, LLC,

Chapter 7

Debtor(s).

**ORDER DISSOLVING RULE TO  
SHOW CAUSE**

**THIS MATTER** comes before the Court on the Rule to Show Cause as to Why Sanctions Should Not Be Imposed (the “Rule to Show Cause”)<sup>1</sup> entered on October 1, 2024, and the Supplemental Order as to Rule to Show Cause (“Supplemental Order”)<sup>2</sup> entered on October 2, 2024.

The Court issued the Rule to Show Cause after Debtor’s counsel, Lixiong Hao (“Hao”), and Jingrui Yu (“Yu”) failed to comply with the Court’s Order on Motion for Protective Order (the “Rule 2004 Order”)<sup>3</sup> and Order to File Correspondence.<sup>4</sup> The Rule 2004 Order required the filing of either (a) joint correspondence by Debtor’s counsel and counsel for Bitmain Technologies Georgia Limited (“Bitmain”) setting forth a stipulated date and time for the examination of Hao and Yu as Debtors’ representatives, or (b) if a stipulated date and time could not be reached, correspondence from Debtor providing weekday dates for the remainder of September through October 15, 2024 when Hao and Yu would not be available to be examined in person in Columbia, South Carolina. Shortly before the deadline for responding to the Rule 2004 Order, Bitmain’s counsel filed correspondence indicating that Debtor’s counsel had been unable to provide any proposed

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<sup>1</sup> ECF No. 39.

<sup>2</sup> ECF No. 42.

<sup>3</sup> ECF No. 34, entered Sept. 16, 2024.

<sup>4</sup> ECF No. 37, entered Sept. 25, 2024.

dates for the exam to take place,<sup>5</sup> prompting the Court to enter the Order to File Correspondence. That order provided that by no later than 5:00 p.m. on September 26, 2024, “Hao and Yu, through Debtor’s counsel, shall file correspondence with this Court indicating the weekday dates for the remainder of September through October 15, 2024 when they will **not** be available” and indicated that upon their failure to do so, the Court would consider possible sanctions and schedule a hearing requiring the representatives to appear. No further correspondence or response was timely filed, so the Court entered the Rule to Show Cause.

Less than two hours after the Court entered the Rule to Show Cause, Debtor’s counsel filed a letter (the “Letter”)<sup>6</sup> apologizing for his failure to comply with the Court’s orders and including email correspondence showing that the parties had tentatively scheduled the examination of Hao and Yu for October 15, 2024. The Letter requested that Hao and Yu not be required to attend the hearing scheduled for October 22, 2024 and that the Rule to Show Cause as to why sanctions should not be imposed be dissolved as to them. The Court thereafter entered the Supplemental Order, which excused Hao and Yu from attending the Rule to Show Cause hearing.

Bitmain’s counsel subsequently filed two responses to the Supplemental Order. The first response, filed on October 3, 2024, provided records of additional email correspondence between Debtor’s counsel and Bitmain’s counsel regarding the scheduling of the 2004 exam.<sup>7</sup> The second response, filed on October 17, 2024, informed the Court that on October 15, 2024, Bitmain’s counsel conducted the 2004 examination of Hao and

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<sup>5</sup> ECF No. 36.

<sup>6</sup> ECF No. 41.

<sup>7</sup> ECF No. 44.

Yu in Columbia, South Carolina as previously ordered, and Debtor produced documents responsive to Bitmain's discovery requests.<sup>8</sup>

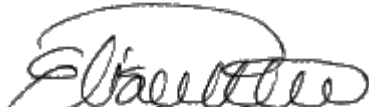
While there is no excuse for Debtor's counsel's failure to comply with the prior orders of the Court, it appears from the Letter and Bitmain's responses that there may have been a misunderstanding amongst the parties which is now moot as the 2004 examinations of Hao and Yu have taken place. Based on the representations made in Bitmain's latest response confirming that Debtor's representatives have completed the 2004 examinations as previously ordered and have provided documents responsive to Bitmain's requests, the Court finds that the hearing on the Rule to Show Cause is no longer necessary.

**THEREFORE, IT IS HEREBY ORDERED** that the Rule to Show Cause issued on October 1, 2024, as supplemented by the Supplemental Order issued on October 2, 2024, is hereby **DISSOLVED**. The hearing scheduled to take place on October 22, 2024 at 2:00 p.m. is hereby cancelled and the matter shall be removed from the hearing calendar.

**AND IT IS SO ORDERED.**

**FILED BY THE COURT  
10/18/2024**



  
Elisabetta G. M. Gasparini  
US Bankruptcy Judge  
District of South Carolina

Entered: 10/18/2024

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<sup>8</sup> ECF No. 47.